

## MANAGEMENT BOARD

## 2008-09 ADMINISTRATION ESTIMATE: MID-YEAR FORECAST OUTTURN

## Note by the Director of Financial Management

## Purpose

1. To update the Management Board on the results of the mid-year forecasting exercise.
2. This exercise provides the main opportunity for the Management Board to review the allocation of resources for the year.

## Summary

3. The overall results for the forecast for resource expenditure are given in the table below:

## Comparison between 2008/09 Resource Budget and Mid-Year Forecast

## Total

	2008/09 Original Budget	Actuals to August 2008	Forecast September to March 2009	2008/09 Forecast Outturn	Variance
	£000s	£000s	£000s	£000s	£000s
<b>Resource Costs</b>					
Receipts	(9,242)	(3,522)	(5,570)	(9,092)	(150)
Salaries	75,406	30,631	45,347	75,978	(572)
Other Staff Costs	24,469	935	23,737	24,672	(203)
Travel and Subsistence	4,675	1,428	2,716	4,144	531
Information	15,881	7,427	8,510	15,937	(56)
Broadcasting	143	38	113	151	(8)
Communications	7,474	2,714	4,452	7,166	308
Computers	8,052	2,961	4,133	7,094	958
Cost of Goods Sold	3,413	1,433	2,141	3,574	(161)
Other RD Supplies	348	135	197	332	16
Office Supplies	2,311	753	1,230	1,983	328
Consultants	5,205	1,899	3,592	5,491	(286)
Grants	4,011	2,046	1,965	4,011	-
Accommodation	35,515	12,380	19,022	31,402	4,113
Security	21,924	6,619	14,935	21,554	370
Non-Cash Items	44,415	5,960	38,428	44,388	27
<b>Total Resource Costs</b>	<b>244,000</b>	<b>73,837</b>	<b>164,948</b>	<b>238,785</b>	<b>5,215</b>

4. The analysis by Department is given in Annex A.
5. In all overall terms, resource expenditure is forecast to be £5,215k lower than the budget (and Estimate) of £244 million. The forecast includes provision for the effect of the 2008 pay rise based on the

current offer. However, the reserves included in the 2008-09 Budget for the impact of Tebbit related changes (£2 million) and a general reserve (£2 million) have been released in the forecast figures shown.

6. The overall results for capital expenditure are given in the table below:

**Comparison between 2008/09 Capital Budget and Mid-Year Forecast**

	2008/09 Original Budget	Actuals to August 2008	Forecast September to March 2009	2008/09 Forecast Outturn	Variance
	£000s	£000s	£000s	£000s	£000s
<b>Total Capital Expenditure</b>	<b>12,000</b>	<b>876</b>	<b>10,211</b>	<b>11,087</b>	<b>913</b>

7. The principal changes in the forecast are a reduction on expenditure on Estates capital schemes (£1.7million) which is offset by an increase in capital expenditure on the ICT infrastructure project (£0.8 million).

**Analysis**

8. The most significant changes in the forecast from the Budget are:  
 a. Salaries – An increase of £572k. The most significant items are:

Department		Change from Budget
		£000s
DCCS	Principally a correction in pension rates assumed and greater charges to the Lords	(579)
DF	Increase in agency staff for interim project leaders	335
DIS	Principally a correction in pension rates assumed and greater charges to Lords	(446)
DR	Increase in staff to meet increased FOI and Members Allowances activity	547
OCE	Increase in staff agreed by Management Board	291
PICT	Slower transition from agency staff to permanent staff and Infrastructure and Internet project staff charged to departmental budgets rather than Project Provision where budget held	906
	<b>Sub-total</b>	<b>1,054</b>
Central Provision	Release of part of Tebbit Reserve	(500)
Others		18
	<b>Total</b>	<b>572</b>

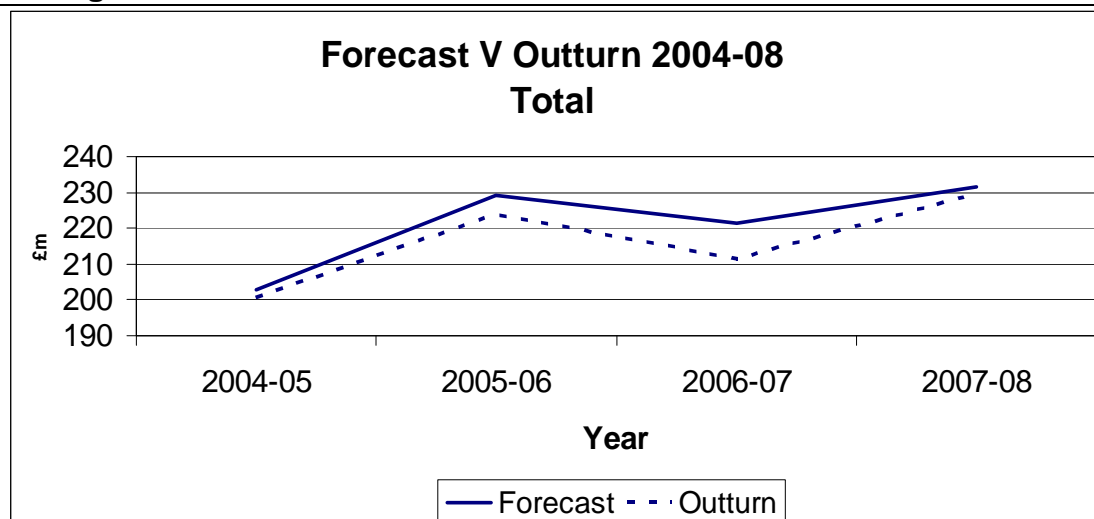
- b. Accommodation – A reduction of £4,113k principally due to:
- i) Reductions in rates and taxes from the levels expected in the budget (£589k);
  - ii) Reductions in Works maintenance due to the delay of a number of projects (£392k);
  - iii) Reductions in Works projects expenditure principally as a result of the delay in the Terrace Cafeteria servery project (£910k); and
  - iv) A release of the £2 million general reserve included in the budget.
- c. Computers – Underspend of £958k represents the original loading of the Tebbit reserve. The forecast loading has now been changed to reflect the planned use of resources.
9. In departmental terms, the projected increases over the budget in DR (£795k), OCE (£487k) and PICT (£1,668k) are more than offset by reductions in DCCS (£1,446k) DF (£1,931k) and DIS (£609k).

## Risks

10. The forecast has not highlighted any significant risks of overspend against the Estimate for 2008-09. The costs surrounding the pension provision and the revaluation of the Estate are areas where large changes could occur.
11. The Government Actuaries Department (GAD) report on the pension liability will be received before the end of 2008 and will help to set the rate at which both the pension contributions and interest cost on the provision are calculated. There is no current indication that the assumptions made in the budget (and the mid-year forecast) will not be right. There would be the opportunity to submit a Supplementary Estimate in the spring should there be significant change as a result of the GAD report.
12. As recommended by the NAO, an exercise to review the revaluation reserves accumulated on the Estate since the introduction of Resource Accounting in 2001-02 is currently underway. While there is no current indication that this will significantly impact this year's results, this will again need to be revisited in January 2009.

## Quality of Forecasting

13. Over the last four years, the quality of forecasting has improved but still tends to be optimistic as actual expenditure is always lower than the mid-year forecast as the following graph illustrates:



14. However, the mid-year forecast gives the most significant opportunity to the Management Board to reconsider the allocation of resources and to make changes with sufficient time for them to be implemented and have an impact in the financial year. In order for the Management Board to be confident in making changes, it is important that there is high confidence in the quality of the forecasts made.
15. To build on the increasing accuracy of the forecast and to emphasise the need to continue this improvement, a change in the process of budgeting and forecasting might be effective. The provision of further training on forecasting will contribute. Directors General might also want to consider signing off the budget and forecasts for their Departments to encourage greater accuracy, if this does not already take place.

## Conclusion

16. The Management Board is invited to:

- Note the outcome of the mid-year forecasting exercise;
- Agree in principal to use the Works programme underspend to frank additional funding requirements identified in PICT (the Lords are confident of having surplus capital in their 2008/09 budget, but at the moment less certain on the resource position);
- Agree to use the Tebbit reserve to offset increases in expenditure in Department of Resources and the Office of the Chief Executive; and
- Consider whether the budgeting and forecasting process should be changed to include sign off by Directors General.

C Ridley  
Director of Financial Management  
15 October 2008

## 2008-09 Administration Estimate – Mid-Year Forecast

## Annex A

## Speaker's Office

	2008/09 Original Budget	Actuals to August 2008	Forecast September to March 2009	2008/09 Forecast Outturn	Variance
	£000s	£000s	£000s	£000s	£000s
<b>Resource Costs</b>					
Receipts	-	-	-	-	-
Salaries	415	165	239	404	11
Other Staff Costs	17	-	-	-	17
Travel and Subsistence	178	57	88	145	33
Information	4	2	2	4	-
Broadcasting	-	-	-	-	-
Communications	1	-	1	1	-
Computers	1	-	1	1	-
Cost of Goods Sold	-	-	-	-	-
Other RD Supplies	-	-	-	-	-
Office Supplies	12	2	7	9	3
Consultants	8	1	5	6	2
Grants	-	-	-	-	-
Accommodation	2	1	1	2	-
Security	1	-	-	-	1
Non-Cash Items	2	-	3	3	(1)
<b>Total Resource Costs</b>	<b>641</b>	<b>228</b>	<b>347</b>	<b>575</b>	<b>66</b>

## Department of Chamber and Committee Services

	2008/09 Original Budget	Actuals to August 2008	Forecast September to March 2009	2008/09 Forecast Outturn	Variance
	£000s	£000s	£000s	£000s	£000s
<b>Resource Costs</b>					
Receipts	(530)	(154)	(304)	(458)	(72)
Salaries	27,558	10,673	16,306	26,979	579
Other Staff Costs	722	96	574	670	52
Travel and Subsistence	3,877	1,209	2,401	3,610	267
Information	13,573	6,561	7,035	13,596	(23)
Broadcasting	143	38	113	151	(8)
Communications	1,200	363	876	1,239	(39)
Computers	58	12	40	52	6
Cost of Goods Sold	-	-	-	-	-
Other RD Supplies	-	-	-	-	-
Office Supplies	966	327	529	856	110
Consultants	1,493	460	1,025	1,485	8
Grants	-	-	-	-	-
Accommodation	40	-	24	24	16
Security	21,923	6,618	14,936	21,554	369
Non-Cash Items	642	-	461	461	181
<b>Total Resource Costs</b>	<b>71,665</b>	<b>26,203</b>	<b>44,016</b>	<b>70,219</b>	<b>1,446</b>

## 2008-09 Administration Estimate – Mid-Year Forecast

## Annex A

## Department of Facilities

	2008/09 Original Budget	Actuals to August 2008	Forecast September to March 2009	2008/09 Forecast Outturn	Variance
	£000s	£000s	£000s	£000s	£000s
<b>Resource Costs</b>					
Receipts	(8,220)	(3,295)	(4,845)	(8,140)	(80)
Salaries	18,326	7,806	10,855	18,661	(335)
Other Staff Costs	477	142	330	472	5
Travel and Subsistence	208	89	114	203	5
Information	81	26	46	72	9
Broadcasting	-	-	-	-	-
Communications	4,290	1,511	2,424	3,935	355
Computers	30	19	24	43	(13)
Cost of Goods Sold	3,413	1,433	2,141	3,574	(161)
Other RD Supplies	348	135	197	332	16
Office Supplies	1,148	310	558	868	280
Consultants	1,540	474	1,231	1,705	(165)
Grants	-	-	-	-	-
Accommodation	33,211	12,334	18,857	31,191	2,020
Security	-	-	-	-	-
Non-Cash Items	12,162	5,070	7,097	12,167	(5)
<b>Total Resource Costs</b>	<b>67,014</b>	<b>26,054</b>	<b>39,029</b>	<b>65,083</b>	<b>1,931</b>

## Department of Information Services

	2008/09 Original Budget	Actuals to August 2008	Forecast September to March 2009	2008/09 Forecast Outturn	Variance
	£000s	£000s	£000s	£000s	£000s
<b>Resource Costs</b>					
Receipts	(490)	(71)	(420)	(491)	1
Salaries	11,997	4,593	6,958	11,551	446
Other Staff Costs	205	131	119	250	(45)
Travel and Subsistence	342	36	78	114	228
Information	1,994	694	1,280	1,974	20
Broadcasting	-	-	-	-	-
Communications	60	25	36	61	(1)
Computers	66	11	61	72	(6)
Cost of Goods Sold	-	-	-	-	-
Other RD Supplies	-	-	-	-	-
Office Supplies	81	65	46	111	(30)
Consultants	114	43	66	109	5
Grants	-	-	-	-	-
Accommodation	229	34	117	151	78
Security	-	-	-	-	-
Non-Cash Items	117	-	204	204	(87)
<b>Total Resource Costs</b>	<b>14,715</b>	<b>5,561</b>	<b>8,545</b>	<b>14,106</b>	<b>609</b>

## 2008-09 Administration Estimate – Mid-Year Forecast

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## Department of Resources

	2008/09 Original Budget	Actuals to August 2008	Forecast September to March 2009	2008/09 Forecast Outturn	Variance
	£000s	£000s	£000s	£000s	£000s
<b>Resource Costs</b>					
Receipts	-	(1)	-	(1)	1
Salaries	6,033	2,682	3,898	6,580	(547)
Other Staff Costs	892	437	715	1,152	(260)
Travel and Subsistence	29	26	19	45	(16)
Information	71	66	38	104	(33)
Broadcasting	-	-	-	-	-
Communications	3	2	3	5	(2)
Computers	22	11	13	24	(2)
Cost of Goods Sold	-	-	-	-	-
Other RD Supplies	-	-	-	-	-
Office Supplies	66	36	39	75	(9)
Consultants	1,581	602	906	1,508	73
Grants	-	-	-	-	-
Accommodation	-	-	-	-	-
Security	-	-	-	-	-
Non-Cash Items	325	-	325	325	-
<b>Total Resource Costs</b>	<b>9,022</b>	<b>3,861</b>	<b>5,956</b>	<b>9,817</b>	<b>(795)</b>

## Office of the Chief Executive

	2008/09 Original Budget	Actuals to August 2008	Forecast September to March 2009	2008/09 Forecast Outturn	Variance
	£000s	£000s	£000s	£000s	£000s
<b>Resource Costs</b>					
Receipts	(2)	-	(2)	(2)	-
Salaries	892	408	775	1,183	(291)
Other Staff Costs	28	10	25	35	(7)
Travel and Subsistence	4	-	3	3	1
Information	39	3	47	50	(11)
Broadcasting	-	-	-	-	-
Communications	2	-	2	2	-
Computers	4	-	-	-	4
Cost of Goods Sold	-	-	-	-	-
Other RD Supplies	-	-	-	-	-
Office Supplies	6	5	6	11	(5)
Consultants	332	317	193	510	(178)
Grants	-	-	-	-	-
Accommodation	-	-	-	-	-
Security	-	-	-	-	-
Non-Cash Items	2	-	2	2	-
<b>Total Resource Costs</b>	<b>1,307</b>	<b>743</b>	<b>1,051</b>	<b>1,794</b>	<b>(487)</b>

## 2008-09 Administration Estimate – Mid-Year Forecast

## Annex A

## Parliamentary Security Co-ordinator

	2008/09 Original Budget	Actuals to August 2008	Forecast September to March 2009	2008/09 Forecast Outturn	Variance
	£000s	£000s	£000s	£000s	£000s
<b>Resource Costs</b>					
Receipts	-	-	-	-	-
Salaries	185	27	65	92	93
Other Staff Costs	-	-	1	1	(1)
Travel and Subsistence	3	-	1	1	2
Information	-	-	-	-	-
Broadcasting	-	-	-	-	-
Communications	-	-	-	-	-
Computers	-	-	-	-	-
Cost of Goods Sold	-	-	-	-	-
Other RD Supplies	-	-	-	-	-
Office Supplies	-	-	-	-	-
Consultants	-	-	-	-	-
Grants	-	-	-	-	-
Accommodation	-	-	-	-	-
Security	-	-	-	-	-
Non-Cash Items	1	-	1	1	-
<b>Total Resource Costs</b>	<b>189</b>	<b>27</b>	<b>68</b>	<b>95</b>	<b>94</b>

## PICT

	2008/09 Original Budget	Actuals to August 2008	Forecast September to March 2009	2008/09 Forecast Outturn	Variance
	£000s	£000s	£000s	£000s	£000s
<b>Resource Costs</b>					
Receipts	-	-	-	-	-
Salaries	7,758	4,055	4,609	8,664	(906)
Other Staff Costs	400	117	242	359	41
Travel and Subsistence	34	7	12	19	15
Information	119	80	31	111	8
Broadcasting	-	-	-	-	-
Communications	1,918	810	1,111	1,921	(3)
Computers	4,051	2,289	1,922	4,211	(160)
Cost of Goods Sold	-	-	-	-	-
Other RD Supplies	-	-	-	-	-
Office Supplies	32	8	45	53	(21)
Consultants	37	13	4	17	20
Grants	-	-	-	-	-
Accommodation	33	10	24	34	(1)
Security	-	-	-	-	-
Non-Cash Items	1,832	891	1,602	2,493	(661)
<b>Total Resource Costs</b>	<b>16,214</b>	<b>8,280</b>	<b>9,602</b>	<b>17,882</b>	<b>(1,668)</b>



## 2008-09 Administration Estimate – Mid-Year Forecast

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## Grants

	2008/09 Original Budget	Actuals to August 2008	Forecast September to March 2009	2008/09 Forecast Outturn	Variance
	£000s	£000s	£000s	£000s	£000s
<b>Resource Costs</b>					
Receipts	-	-	-	-	-
Salaries	-	-	-	-	-
Other Staff Costs	-	-	-	-	-
Travel and Subsistence	-	-	-	-	-
Information	-	-	-	-	-
Broadcasting	-	-	-	-	-
Communications	-	-	-	-	-
Computers	-	-	-	-	-
Cost of Goods Sold	-	-	-	-	-
Other RD Supplies	-	-	-	-	-
Office Supplies	-	-	-	-	-
Consultants	-	-	-	-	-
Grants	4,011	2,046	1,965	4,011	-
Accommodation	-	-	-	-	-
Security	-	-	-	-	-
Non-Cash Items	-	-	-	-	-
<b>Total Resource Costs</b>	<b>4,011</b>	<b>2,046</b>	<b>1,965</b>	<b>4,011</b>	<b>-</b>

## Project Provision

	2008/09 Original Budget	Actuals to August 2008	Forecast September to March 2009	2008/09 Forecast Outturn	Variance
	£000s	£000s	£000s	£000s	£000s
<b>Resource Costs</b>					
Receipts	-	-	-	-	-
Salaries	1,710	222	920	1,142	568
Other Staff Costs	-	2	3	5	(5)
Travel and Subsistence	-	4	-	4	(4)
Information	-	(6)	32	26	(26)
Broadcasting	-	-	-	-	-
Communications	-	2	-	2	(2)
Computers	2,344	620	2,071	2,691	(347)
Cost of Goods Sold	-	-	-	-	-
Other RD Supplies	-	-	-	-	-
Office Supplies	-	-	-	-	-
Consultants	-	(13)	64	51	(51)
Grants	-	-	-	-	-
Accommodation	-	-	-	-	-
Security	-	-	-	-	-
Non-Cash Items	-	-	-	-	-
<b>Total Resource Costs</b>	<b>4,054</b>	<b>831</b>	<b>3,090</b>	<b>3,921</b>	<b>133</b>

## 2008-09 Administration Estimate – Mid-Year Forecast

## Annex A

## Comparison between 2008/09 Budget and Mid-year Forecast

## Central Provision

	2008/09 Original Budget	Actuals to August 2008	Forecast September to March 2009	2008/09 Forecast Outturn	Variance
	£000s	£000s	£000s	£000s	£000s
<b>Resource Costs</b>					
Receipts	-	-	-	-	-
Salaries	532	-	722	722	(190)
Other Staff Costs	21,728	-	21,728	21,728	-
Travel and Subsistence	-	-	-	-	-
Information	-	-	-	-	-
Broadcasting	-	-	-	-	-
Communications	-	-	-	-	-
Computers	1,476	-	-	-	1,476
Cost of Goods Sold	-	-	-	-	-
Other RD Supplies	-	-	-	-	-
Office Supplies	-	-	-	-	-
Consultants	100	-	100	100	-
Grants	-	-	-	-	-
Accommodation	2,000	-	-	-	2,000
Security	-	-	-	-	-
Non-Cash Items	29,332	-	28,732	28,732	600
<b>Total Resource Costs</b>	<b>55,168</b>	<b>-</b>	<b>51,282</b>	<b>51,282</b>	<b>3,886</b>